GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:903
ANSWERED ON:22.11.2001
DIFFERENCES BETWEEN SEBI AND DCA ON INVESTOER PROTECTION ACT
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether there are certain differences sprouted between SEBI and DCA with regard to Investor Protection Act;

(b) if so, the details thereof;

(c) the proposals made by SEBI to protect the investors;

(d) the response of the DCA to the proposal; and

(e) the measures being taken by the Government in this regard?

Answer

MINKISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) to (e) : A Committee headed by Dr. N.L. Mitra, former Director, National Law School, Bangalore has recommended a new Investor Protection Act. The existing Companies Act, 1956, aims at regulating financial and management aspects of bodies corporate, adequately equally providing for both managerial autonomy and investor protection. In fact, protection of share-holders, debenture-holders, depositors etc. is one of the major theme of the Companies Act, 1956. The Committee on Investor Education and Protection Fund, constituted under Section 205C (4) of the Companies Act, 1956, which has representatives of RBI and SEBI also, has too felt that the present laws are sufficient. Besides, under Section 205C of the Companies Act, an Investor Education and Protection Fund has been set up, and rules in this regard notified. As such, it is felt that the investors have adequate protection under the existing laws, and there may be no need for yet another Act.